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**INFORMATION REPORT**PREPARED AND DISSEMINATED BY  
CENTRAL INTELLIGENCE AGENCYCOUNTRY  
Iran

SUBJECT

Business Slump

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SOURCE

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1. During the last few months there has been a slump in business and quite a number of Iranian merchants and importers have become bankrupt. A dozen of these cases are admitted by the government but the number is much larger. Reports recently received show that the government does not consider the situation serious, but the proofs they give are not convincing. Those well-informed of the causes of this depression believe that one reason is that the government itself practically controls all export and import business; that the monies from the oil revenue as well as grants and loans from the US are applied to purchases from England and from their European associates or allocated to projects not needed now or in the near future; that a good deal of these monies are appropriated by individual government leaders for their own purposes or by their henchmen, as proven by the recent arrest and conviction of a number of such agents currently reported in the Iranian press. Other reasons are the lack of modern methods in the economic and commercial departments of government such as regular statistics on export and import trade intended to guide merchants and businessmen, as to the kind and quality of goods being imported as to current needs. This lack is responsible for large quantities of goods in oversupply, which flood the market.
2. Another contributory factor is the arbitrary rate of exchange, manipulated by agents of the Sterling block and their Iranian collaborators which prevents the sale of imports at profit by Iranian merchants. In the case of Iran, where corruption is unchecked, it is much worse than elsewhere. The reason the government is so corrupt is that it does not represent the people and owes its incumbency to foreign influence. Knowing that lack of support by the people will not permit a long tenure, the government tries to make profit from its position as soon and as much as possible.

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